

a farce. So the Dominion can much better ascertain total income than any province. Given this Dominion assessment, then, what is there to prevent any province co-operating and adding so many mills on that part of the Dominion assessment falling within its jurisdiction? The Dominion, for its part, would co-operate, rather than increase the subsidies it pays, and there is no question that it is better that the province which spends the money should also raise the money.

The final objection is the fact that in Britain incomes are to a greater extent than in Canada derived from investments, and are therefore more settled, more easily ascertained, and more easily taxed at the source. The statement involves the only really serious difficulty in the way of an income tax—the question of administration. As the objection is usually put, an income tax is certain to be evaded. Is this inevitable?

In Great Britain, the principle of collection at the source is adopted as far as possible. The landlord's income tax is paid by the tenant, who deducts it from his rent, and the shareholder's or bondholder's income tax is deducted by the company from the dividend or interest paid. The income from "profits," however, is ascertained by the declaration of the business man, reviewed by the government authorities. Now, if stoppage at the source were the only adequate means of collecting an income tax, it could be adopted in Canada without difficulty so far as rentals, dividends and interest, and salaries are concerned; the fact that these sums would bear a smaller proportion to the total income than in Britain is an objection, but not a fatal one. There has been a rapid growth in Canada of corporate activity and corporate wealth, and an increasingly large proportion of total income takes the above forms.

However, it is by no means certain that stoppage at the source is the best method. As a matter of fact, this method is now largely abandoned or supplemented in Britain itself. Anyone whose modest rentals or dividends have been stopped at the source, if his total income falls under the £160 which is entirely exempt or under the £700 which is partly exempted, may recover some or all of this amount by making a declaration of his total income. As a matter of fact, then, the great bulk of income taxpayers do make a personal declaration of total income. Again, since the introduction of the supertax (a heavier tax on all incomes above £5,000, upon the amount by which they exceed £3,000), stoppage at the source has been abandoned here also in favor of declaration plus official revision.

The British system is a complicated one, instituted so long ago that modern business arrangements have

adapted themselves to it. It does not follow that it would be best for another country to adopt. The system of requiring every taxpayer to make a declaration of total income and then checking this by "information at the source," information drawn from the same agencies which under the British system would have to collect and forward the tax, seems to be preferable. This system is advocated by many authorities in the United States, and has been worked out with much success by the Wisconsin Tax Commission.¹ The new French income tax also, adopts a system of personal declaration rather than of stoppage at the source.

But this is not the time, and space forbids, to discuss the many important questions of administrative detail, important as they are, which would have to be considered if once the principle of an income tax were accepted. The experience of the United Kingdom, of France, of Denmark, of Holland, of Austria and Hungary, of Italy, of Japan, of Norway, of Sweden, of the United States, of Wisconsin, and of many other communities which rely upon an income tax for nearly half their tax-revenue, assures us that whatever the problems may be, they have been and can be solved. Anyone who fears to adopt an income tax solely because of the risk of evasion must believe either that Canadian citizens are liars beyond all other men or that Canadian statesmen and officials are incompetent beyond all others.

A fourth division of taxes might have been made—poll-taxes. They have, however, almost entirely disappeared from modern fiscal systems. We have an interesting example of such a tax in the \$500 head tax levied on every Chinaman of the laboring class entering Canada, a tax divided between the Dominion and the province of entry. British Columbia householders have strong convictions as to the incidence of this tax, by the way. The rumor that the minister of finance is strongly in favor of imposing a thumping poll tax on all bachelors is probably a report via Sayville, New York.

¹ "The statement so often made that an income tax 'makes a nation of liars' can easily be shown to be false. Any person who, like the writer, has had occasion to review and test the correctness of thousands of income tax returns will be impressed by the evident truthfulness and honesty with which the vast majority of such returns have been prepared. In one thousand returns which were defective or erroneous it was found that one-third contained errors which had the effect of increasing the tax. Of the remainder the great majority were erroneous through obvious ignorance or misunderstanding of the provisions of the law. The number in which there was any evidence of a deliberate attempt to defraud the law was very small—safely under five per cent."—K. K. Kennan, Supervisor of Income Tax, Wisconsin, in *Annals of American Academy*, March, 1915, p. 75.

SIX MONTHS' TRADE

The total Canadian trade for the six months of the fiscal year ending September 30 last, was over half a billion dollars, according to the official statement issued by the Hon. J. D. Reid, minister of customs. The figures show an advance over the corresponding six months of 1914, which were \$500,634,000, as against \$559,529,000 for the six months just ended, a total increase of trade of \$59,000,000. September trade was as follows:—Merchandise entered for consumption, \$38,026,000; domestic exports, \$46,129,000, or a total of \$84,156,000. In September, 1914, the imports were \$36,567,000, and the domestic exports \$31,796,000, or a total of \$68,364,000. The export of manufactured goods for September was heavy, reaching a total of \$9,244,000, compared with \$5,188,000 for September, 1914; of agricultural products, \$11,139,000 worth were exported, as against \$7,478,000 for the corresponding month last year. The export of domestic animals and their produce was, \$10,188,000, against \$7,063,000 for September,

1914. There is an increase in the export of domestic fisheries for the month of September, the total being \$2,750,000, against \$1,900,000 for September, 1914. The importation of free goods for September last was \$15,746,000, as compared with \$13,991,000 for September, 1914. For the six months ending September last, Canada imported of free and dutiable goods \$213,588,000. During the same period she exported \$246,392,000. The duty collected for the six months just ended was \$44,418,000, as compared with \$42,857,000 for the corresponding period of 1914.

The Prescott Rural Telephone Company, Limited, with Ontario charter, has increased its capital from \$3,000 to \$6,000; the Chippewa Oil and Gas Company, Limited, with Ontario charter, from \$50,000 to \$150,000; Sterling Gas Company, Limited, with Ontario charter, from \$40,000 to \$100,000; the G. W. Robinson Company, Limited, with Ontario charter, from \$100,000 to \$250,000.